



City of Chattanooga

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February 25, 2003

Chairman Sara Kyle
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243

Re: Tennessee-American Water Company, Petition to Change and Increase Certain Rates and Charges so as to Permit it to Earn a Fair and Adequate Rate of Return on its Property Used and Useful in Furnishing Water Services to its Customers
Docket No. 03-00118

Dear Chairman Kyle:

Enclosed is an original and five (5) copies of a Petition to Intervene for filing with the Tennessee Regulatory Authority in the above-captioned matter. Please be advised that we have served copies on all parties of record.

If you have any questions, please feel free to contact me at your convenience.

Sincerely yours,

MICHAEL A. McMAHAN
Special Counsel

MAM/pm
Enclosure



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Sincerely yours,

A handwritten signature in dark ink, appearing to read "Michael A. McMahan".

MICHAEL A. McMAHAN
Special Counsel

MAM/pm
Enclosure

IN THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

FILED FEB 26 PM 2 16

IN RE:

TENNESSEE-AMERICAN WATER COMPANY,
PETITION TO CHANGE AND INCREASE
CERTAIN RATES AND CHARGES SO AS TO
PERMIT IT TO EARN A FAIR AND
ADEQUATE RATE OF RETURN ON ITS
PROPERTY USED AND USEFUL IN
FURNISHING WATER SERVICES TO ITS
CUSTOMERS.

TN REGULATORY AUTHORITY
DOCKET ROOM

DOCKET NO. 03-00118

PETITION TO INTERVENE

Comes now the City of Chattanooga, Tennessee, a municipal corporation, by and through counsel, pursuant to Tennessee Code Annotated §65-2-107, and Rule 1220-1-2-.08 of the *Rules of the Tennessee Regulatory Authority, Division of Practice and Procedure*, and petitions to intervene in this docket because the petitioner's legal rights, duties, privileges, immunities or other legal interests may be adversely affected by Tennessee-American Water Company's Petition to Change and Increase Certain Rates. For cause, the petitioner would show as follows:

1. This is a contested case within the meaning of T.C.A. §65-2-101(2) as it involves the fixing of rates.
2. Tennessee-American Water Company ("TAWC") is a Tennessee corporation regulated by the Tennessee Regulatory Authority ("TRA"). TAWC is a public utility and is engaged in providing residential, commercial, industrial and municipal water service, including public and private fire protection service to the City of Chattanooga and surrounding areas.
3. The present docket, Docket No. 03-00118, involves a Petition to change and increase certain rates and charges currently in effect for water service within the City of Chattanooga and to approve certain tariffs filed simultaneously with the Petition.

4. The City of Chattanooga is a proper party to intervene in this case as the City of Chattanooga is a customer of TAWC and the legal rights, duties, privileges, immunities or other legal interests of the City of Chattanooga and its citizens may be determined in these proceedings.

5. In support of this Petition to Intervene, the City of Chattanooga would urge that the Authority should consider several matters, including, but not limited to:

- a. The increased rates will create an economic hardship on businesses and residents of Chattanooga and adversely impact economic development in the city;
 - b. TAWC's request to significantly increase the tariff for fire hydrants is in direct contravention of the settlement agreement between the City and TAWC and the directives of the TRA that TAWC should look to its stockholders rather than the taxpayers of the City to recoup the litigation and public relation campaign expenses to fight the City's attempted condemnation of TAWC.
 - c. The TAWC's request for an 11% equity cost is excessive;
 - d. TAWC's valuation of its capital investments is excessive.
6. Only by intervening and participating in this proceeding can the City of

Chattanooga property protect its interests and the interests of its citizens.

WHEREFORE, the petitioner prays the authority to grant its Petition to Intervene.

Respectfully submitted,

CITY OF CHATTANOOGA, TENNESSEE
RANDALL L. NELSON, CITY ATTORNEY

BY: 

Michael A. McMahan, BPR #000810
Phillip A. Noblett, BPR #010074
Lawrence W. Kelly, BPR #019229
Special Counsel
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(423) 757-5338

CERTIFICATE OF SERVICE

This is to certify that the undersigned has this day served a true and correct copy of the foregoing pleading by either hand delivery or by depositing same in the United States mail, postage prepaid, and addressed to the following:

Sarah Kyle, Esq.
Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243

Richard Collier, Esq.
General Counsel
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243

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Bass, Berry & Sims, PLC
315 Deaderick Street, Suite 2700
Nashville, TN 37238-3001

Mr. Dan McCormac
Chief of Energy & Water Division
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243

This the 25th day of February, 2003.


